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Salient Facts About China

By JULEAN ARNOLD

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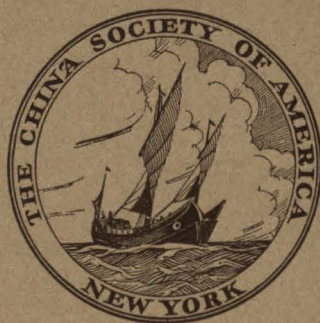
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American Commercial Attaché



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P R E F A C E

There is such a dearth of accurate information about China, whose civilization dates back to the earliest recorded history, that The China Society of America is pleased to present the following brief facts received through the Department of Commerce from the Honorable Julean Arnold, U. S. Commercial Attache at Peking.

Mr. Arnold is generally recognized as an authority upon questions relating to China's commercial and industrial development. For over twenty years he has studied Chinese conditions at first hand and since 1915 has held his present post.

Salient Facts About China

(JULEAN ARNOLD, American Commercial Attaché)

NOTE: *Tael values in this report are: for the year 1910 one tael equals U. S. gold \$0.66; for 1925 one tael equals U. S. gold \$0.84.*

1. In area, China with 4,300,000 square miles is larger than Europe, or the United States, Mexico and Central America combined.
2. In population, China is about equal to that of Europe, or about one-fourth the population of the world.
3. Six-sevenths of China's population is concentrated in one-third of its territory, due mainly to lack of railways. China is not over-populated. Economic transportation will assist in a better distribution of its people.
4. The Yangtze Valley has an estimated population of 200,000,000. The Yangtze delta, equal in area to the state of Illinois, has a population of 40,000,000, or 800 to the square mile.
5. Shanghai, at the mouth of the Yangtze Valley, is China's most populous city and has grown during the past few decades, from 500,000 to 2,000,000 inhabitants. In tonnage entries, Shanghai ranks within the first eight ports of the world. Hundreds of millions of dollars have been expended in modern building construction in Shanghai, making it the New York and Paris of China.

6. China needs about 100,000 miles of railways to take care of its pressing transportation requirements. It has 7,700 miles as compared to America's 265,000 miles. The Chinese government owns and operates 60% of the country's railway mileage.
7. China has 11,800 post offices, 84,000 miles of telegraph wires, and about 100,000 telephones. The United States has 51,000 post offices, 1,850,000 miles of telegraph wire, and 15,000,000 telephones.
8. There are only 20,000 motor vehicles in operation in China compared with upwards of 20,000,000 in the United States. China has but 10,000 miles of roads fit for motor transportation compared with America's 400,000 miles of metal surfaced roads. The good roads movement in China is growing in popularity.
9. China's per capita iron and steel consumption is about 1/180 of that of the United States. Its 14 blast furnaces have an annual capacity of 500,000 tons of pig iron compared with America's total capacity of 45,000,000 tons. (U. S. production 1925, 37,000,000 tons.)
10. China's coal output in 1925 was about 25,000,000 tons compared with America's 585,000,000 tons. Coal deposits are to be found in every province in China, but increased production depends upon improved transportation facilities.
11. China is rich in tin and antimony deposits, supplying 75% of the world's antimony consumption.

12. China's 400 electric light plants have an aggregate capacity of 250,000 kilowatts. The Shanghai municipal plant of 120,000 k.w. capacity sells electricity for power purposes at from Tls. 0.02 to Tls. 0.03 a k.w. hour (U. S. gold $1\frac{1}{2}$ to $2\frac{1}{2}$ cents). The country is rich in water power possibilities but has not yet developed one unit of hydro electric power.
13. The aggregate daily capacity of China's 160 modern flour mills is 120,000 bbls. with Shanghai, Harbin, Hankow, Tientsin, Tsinanfu and Wusih as the main flour milling centers. Despite this development China imported 4,000,000 barrels in 1924 and 2,000,000 barrels in 1925.
14. China has 3,500,000 cotton spindles compared with Japan's 5,300,000, America's 35,000,000 and England's 57,000,000. Of China's spindles 55% are Chinese and 40% are Japanese owned or controlled. China has 25,500 looms compared with America's 650,000 and England's 900,000. Of China's looms 63% are Chinese and 28% are Japanese.
15. China's imports of cotton yarn and piece goods in 1920 rose to Tls. 147,000,000 but dropped by 1925 to Tls. 90,000,000, due mainly to the advancement of cotton manufacturing in China.
16. During the year 1890 the smoke stacks of modern factories first appeared on the Chinese horizon. There are now hundreds of industrial

plants, of modern type, in China and the numbers will increase very materially as time goes on, as the country is still only at the dawn of modern industrialism.

17. In cotton production China ranks third among the nations of the world, with about 2,500,000 bales, equivalent to 20% of the American crop.

18. Estimates of China's agricultural crops are as follows:

Rice.....	1,000,000,000 bu.
Wheat.....	400,000,000 bu.
Kaoling.....	500,000,000 bu.
Cotton.....	2,500,000 Am. bales
Soya Beans.....	5,000,000 tons
Peanuts.....	900,000 tons
Silk (133 lb. bales).....	300,000 bales

19. China's imports for 1880, valued at Tls. 80,000,000, comprised opium 40%, cotton goods 30%, metals 5% and sundries 25%. Her exports aggregated Tls. 78,000,000 of which tea was 50% and silk 40%.

20. In 1910 China's imports aggregated Tls. 463,000,000 (U. S. gold \$306,000,000) and its exports Tls. 381,000,000 (U. S. gold \$250,000,000). Of the 1910 imports, 35 items were in excess of Tls. 1,000,000 (U. S. gold \$660,000), with cotton yarn and cotton goods 26% and opium 12% of the total. Of the exports, 33 items were over Tls. 1,000,000 with silk 21%, tea 9%, raw cotton 8% and bean products 8% of the total.

21. China's imports for 1925 were Tls. 950,000,000 (U. S. gold \$800,000,000), with cotton goods and cotton yarn 9%, sugar 9%, raw cotton 7%,

- kerosene oil 7%, rice 6%, metals 4% and tobacco and cigarettes 4%. In 1925 China took 20% of America's kerosene exports, 12% of its leaf tobacco and 60% of its exports of cigarettes.
22. China's foreign trade has increased from Tls. 158,000,000 in 1880 to Tls. 844,000,000 in 1910 and Tls. 1,700,000,000 in 1925. In spite of China's internal disorders, trade and industry continue to make substantial progress.
 23. For the year 1925, of the Maritime Customs Revenues collected, Shanghai contributed 37%, Tientsin 12%, Dairen 9%, Hankow 8%, Tsingtao 4%, Canton 4%. For the year 1910 Shanghai contributed 35%, Tientsin 9%, Hankow 9%, Canton 8%, Tsingtao 3% and Dairen 3%.
 24. China's exports for 1925 aggregated Tls. 775,000,000 (U. S. gold \$650,000,000), with raw silk 20%, beans and bean products 18%, raw cotton 4%, skins, hides and furs 4% and peanuts and peanut products 3%. In 1925 America took about 25% of China's exports.
 25. In 1925 there were 54 items in China's imports each aggregating upwards of Tls. 1,000,000 (U. S. gold \$840,000), and 48 items of exports each of upwards of Tls. 1,000,000 (U. S. gold \$840,000).
 26. China's imports of kerosene oil rose from Tls. 26,000,000 in 1910 to Tls. 66,000,000 in 1925, or 161,000,000 gallons in 1910 to 258,000,000 gallons in 1925; cigarettes and tobacco from Tls. 9,000,000 to Tls. 37,000,000; flour from Tls. 3,500,000 to Tls. 16,000,000; machinery from Tls. 9,000,000 to Tls. 15,500,000; paper from Tls. 4,500,000 to Tls. 19,000,000; sugar from

Tls. 21,000,000 to Tls. 90,000,000; artificial indigo from Tls. 7,600,000 to Tls. 15,000,000.

27. Upwards of 90% of America's exports to China embraces kerosene oil and petroleum products, tobacco and cigarettes, flour, wheat, metals and minerals including silver and copper, machinery—particularly cotton mill, flour mill and electrical—dyes, colors and paints, raw cotton, lumber, tinfoil, paper, motor cars, electrical fittings, sanitary, heating and building materials, canned fruits, condensed milk and chemical and medical preparations.
28. In China's exports, raw silk increased from Tls. 85,000,000 in 1910 to Tls. 153,000,000 in 1925; beans and bean products from Tls. 27,000,000 to Tls. 142,000,000; hides and skins from Tls. 16,000,000 to Tls. 30,000,000; coal from Tls. 1,700,000 to Tls. 20,000,000; eggs and egg products from Tls. 4,000,000 to Tls. 18,000,000; wool from Tls. 5,000,000 to Tls. 14,000,000; peanuts from Tls. 3,000,000 to Tls. 25,000,000; wood oil from Tls. 4,000,000 to Tls. 17,000,000.
29. According to the Chinese customs statistics, in 1910 the United States had 5% of China's import trade and 8% of her export trade, whereas in 1925 it is credited with 15% of China's import trade and 18% of her export trade. The total American trade in China has risen from Tls. 57,000,000 (imports Tls. 25,000,000; exports

Tls. 32,000,000) in 1910 to Tls. 286,000,000 (imports Tls. 143,000,000; exports Tls. 143,000,000) in 1925. (Note: If readjustments are made, giving America its share of China's trade credited to other countries, particularly the British colony of Hongkong, these figures would be considerably larger. For instance, the declared export returns covering goods exported from China to the United States and entered upon the consular invoices for the year 1925 were gold \$159,500,000, or Tls. 190,000,000, or Tls. 47,000,000 more than credited by the Chinese customs statistics in China's export trade with the United States.)

30. Of China's carrying trade, America's total tonnage in 1910 was 725,000 compared with 5,900,000 in 1925. America's share in the carrying trade of China's trade with foreign countries in 1925 for both imports and exports was 10% of the totals compared with 8/100 of 1% for the year 1910, or an increase of 125 fold.
31. China's present import tariff is on a uniform 5% basis, subject, however, to a possible increase in the near future to $7\frac{1}{2}\%$ and later to possible further increases to a maximum of $27\frac{1}{2}\%$ on certain luxuries. In addition to the 5% import tariff, which is likely soon to be advanced to $7\frac{1}{2}\%$, an additional amount equivalent to 50% of the tariff is assessed on goods destined for non-treaty ports.
32. It is presumed that with an advance of custom duties to 12 or more percent, internal taxes on trade in China will be eliminated, but under the present chaotic political conditions obtaining in

the interior it will be difficult to develop a machinery necessary for the abolition of these irregular and harassing internal tax exactions. It is worthy of note that the internal trade of China is being subjected to increasingly burdensome tax exactions by the irresponsible military overlords.

33. There are in China 69 treaty ports and 11 voluntarily opened trade marts in which foreigners may reside and lease premises for residential or business purposes. Missionaries are privileged by treaty to reside and lease premises anywhere in China.
34. In currency, China is on a silver-copper basis. The fluctuations in silver exchange are factors of commanding importance in both imports and exports. The more silver one can purchase for the gold dollar, the more one can buy of China products. The less silver the gold dollar commands, the more the Chinese dealer can purchase of American goods. Foreign merchants generally fix their silver exchange at the time their agreements are consummated, whereas the Chinese dealers are prone to delay fixing exchange until the obligations are due, gambling on a better rate. When possible to do so, the China importer would do well to arrange to sell such articles as are intended for consumption among the masses on a fixed price in silver under a sliding scale of discounts on a basis of the fluctuations in exchange.
35. In China, silver coins are a commodity as well as a medium of exchange. The standard in business transactions is the ounce of silver bullion, or

sycee, known as the silver tael. Gradually the silver dollar is replacing the imaginary tael unit. Among the Chinese masses, copper is the common medium. Indicative of the improving economic conditions is the fact that the copper ten and twenty cash pieces have in most sections replaced the brass one cash coins. During the past few years living costs in China, especially in the trading centers, have advanced 100 percent. During the past 25 years the price of rice has advanced three-fold. These increased living costs are responsible for considerable industrial unrest in the manufacturing centers.

36. The compradore, the one time indispensable intermediary in the foreigners' business relations with the Chinese, is gradually merging into a Chinese assistant as he no longer guarantees 100% of the foreign firms' accounts with jobbers or dealers. Some companies, well-seasoned in the China trade, operate without compradores.
37. It is not likely that the Chinese people will rapidly develop import and export houses for direct foreign trade. Physically, China is very much like the United States. It is a vast continental country. Its internal resources will have to be developed before it can of its own accord embark upon foreign trade in a large way. The fact that the Chinese have no overseas mercantile marine, no big banking or trading companies abroad, no marine insurance companies, would seem to indicate that its foreign trade will in the main be left to foreign concerns for some time to come.

38. The Chinese buyer often contracts to pay for the goods on installment deliveries or when equipment requires installation, in installments pending the completion of the plant or equipment. This often involves financing on the part of concerns located in China, and is one of the reasons why the American manufacturer often finds it advisable to work through a representative in China.
39. Under ordinary circumstances, the American manufacturer and jobber, in his efforts to extend his trade with China, would do well to make connections with a reputable American concern already established in China, or after a thorough investigation of the market, if he finds his commodity is one commanding good sales prospects, open his own office in China, or at least cover the field with his own representative.
40. Modern sales and merchandising methods are becoming of greater importance to the marketing of goods in China. Foreign import and export houses are concentrating on fewer lines under the direction of specially trained experts. Thus, there is a marked tendency toward specialization. Some manufacturers have their own specially trained factory men in the field, assisting and working through their local connections.
41. Great care should be exercised in the choice of a representative for the sale of one's products in China. A cheap man is likely to become increasingly expensive in proportion to the distance he is sent from headquarters.
42. Personnel may probably be rated as 75% of the success of a foreign or non-Chinese organization

in China. Competition is on an international basis. The individual stands out in a more prominent way owing to the comparatively small number of foreigners in the Chinese communities.

43. American manufacturers should avoid tying up with those who would collect retaining fees from a large number of small manufacturers and flood the home concerns with more excuses than orders. Inquiries directed to the offices of the American Commercial Attaché in China or to the American Chambers of Commerce in China will secure reliable information regarding who's who in China trade. (American firms often destroy the effectiveness of their representatives in China by unduly restricting their powers of attorney, thereby creating the suspicion among those with whom they come in contact, that they do not have the confidence of their principals.)
44. American manufacturers should avoid assigning more territory to a China representative than he is able to cover effectively. Ordinarily, Manchuria is reached through Harbin and Dairen, North China is handled from Tientsin, Central China from Shanghai and Hankow, and South China from Hongkong and Canton.
45. The approximate time required for the despatch of mail from Shanghai to principal points in China and receipt of replies in Shanghai, assuming that the letters are promptly answered, is as follows:

(Mileage is given in statute miles)

Canton:—1,075 miles. 8 to 15 days. Communication only by steamer.

Chungking:—1,600 miles. 25 to 45 days.
Communication only by Yangtsze River
steamers.

Dairen:—640 miles. 7 to 12 days, depending
on steamer connections. Mail goes only by
steamer.

Hankow:—650 miles. 8 to 9 days. Communi-
cation by rail to Nanking, remainder of dis-
tance only by Yangtsze River steamers.

Harbin:—2,225 miles. 10 to 12 days. Com-
munication all of way by rail or by steamer
to Dairen, thence by rail.

Hongkong:—975 miles. 11 days. Communi-
cation by steamer only.

Mukden:—1,500 miles. 7 to 9 days. Rail ser-
vice, or by steamer to Dairen, thence by
rail.

Peking:—940 miles. 5 days. Rail service.

Tientsin:—850 miles. Rail service.

Tsingtao:—450 miles. 6 to 9 days, depending
on steamer service.

46. The parcel post rates from China to the United States are Mexican \$0.24 a pound up to 22 pounds, except for Shanghai where a maximum weight of 50 pounds is permissible. The parcels may not exceed 3 feet 6 inches in length, breadth or depth and 6 feet in length and girth combined. Parcels are shipped via direct Pacific steamers to the United States.

47. The China importer generally knows what he wants. Numerous complaints are received at the offices of the Commercial Attaché from China importers who fail to receive from American manufacturers goods in accordance with specifi-

cations as to quality, packing and details of shipping, drawing of drafts, etc. A satisfied customer is the best advertisement for the manufacturer.

48. American manufacturers should make reasonable allowance to their agents in China for properly advertising their goods. But the agent in China should be obliged to furnish the American manufacturer with detailed information justifying the advertising expenditures made.
49. Quality in manufactured goods in China, as elsewhere, is a matter of considerable importance. American manufacturers would do well to conserve their reputation for quality. To the average Chinese, American goods stand for quality. It is also well to impress upon the Chinese the significance of mass production in American industry in meeting price competition.
50. The American government has recognized the new Chinese trade mark law. It is necessary to register trade marks covering goods seeking a market in China as the Chinese attach much importance to established trade marks. The style of the package, the color of the wrapper or the nature of the container are often important considerations. The thrifty Chinese finds a use for the empty carton, can, jar and the like. A picture trade mark is more impressive to the average non-English reading Chinese than one which carries only a name. One must also exercise much care in translating the names of American products into Chinese so that they carry no mistaken or wrong interpretation in the Chinese vernacular.
52. Under the China Trade Act, American companies may incorporate for trading in China, exempt from American home taxes on income

earned in China. The registrar of China Trade Act Companies maintains offices with the Commercial Attaché in the Robert Dollar Building, Shanghai.

52. Americans in China enjoy extra-territorial treaty rights; that is, are exempt from Chinese laws and courts. By virtue of the Revenue Act of 1926 they are exempt from income taxes on incomes earned outside of the United States.
53. For the future of American trade and other relations with China, the little army of 2,000 American children in China and the Americans in business and other employments in this country should be encouraged to familiarize themselves with Chinese civilization and culture. The schools for the education of American children in China are great potential factors in the training of Americans to serve as interpreters of China to the people of the United States.
54. Several hundred Chinese students go to America every year to complete their education. These students will, a few decades hence, be leaders in commercial, industrial and other pursuits. Thus, it is to the advantage of American manufacturers and traders that they be accorded every opportunity during their sojourn in the United States to supplement their academic education with a practical experience in industrial plants, business offices, medical institutions and the like.
55. Next after Chinese, English is the most popularly used language in all China.
56. American motion picture films are helping in the popularization of things American. The educational and industrial films are particularly helpful to the education of the Chinese in west-

ern ideas and methods. They should, however, be captioned in Chinese as well as in English, and thus prepared, serve as an excellent advertising medium.

57. There are in China about 12,000 resident Americans including 2,000 American children. About one-half the American population is interested in missionary activities including extensive educational, medical and other institutions which involve the expenditure of about twelve or fifteen million dollars a year.
58. There are about 4,000 American residents in Shanghai with about 250 American firms, or about 50% of all American firms in China. Americans in Shanghai have their own downtown club (a six-story building), an out of town country club, a school taking care of 450 children from the kindergarten through the high school grades, a community church, a Navy Y. M. C. A., a joint American-British Y. M. C. A. with about 200 rooms for living quarters, a Woman's Club, a Chamber of Commerce which functions with a paid secretary with offices in the Robert Dollar Building, and a number of other distinctive American organizations.
59. American Chambers of Commerce also function at Tientsin, Hankow and Peking, where there are American communities ranging from 600 to 900 individuals.
60. There are American daily newspapers in Peking, Tientsin and Hankow. Until quite recently there was also an American newspaper in Shanghai. A group of prominent Shanghai Americans are now interested in the organization of a company for the publication of a purely American newspaper at this metropolitan Asiatic

trading center, where it can perform a service distinctly helpful to the advancement of American trade interests.

61. One of the great outstanding needs for the betterment of America's trade and other relations with China is a cheap telegraphic news service. There is but one trans-Pacific cable compared with sixteen trans-Atlantic cables. The press rate from Shanghai to New York is Mexican \$0.70 or gold \$0.35 a word compared with a 7c rate for trans-Atlantic news service.
62. Another important element in the success of America's trade with China is the maintenance of the American mercantile marine as a commanding factor in trans-Pacific trade.
63. The Bureau of Foreign and Domestic Commerce publishes much useful material on China trade and economic conditions, a catalogue of which may be secured from the Bureau's offices. The revised edition of the "Commercial Handbook of China" is now available.
64. The following Chinese government reports as published in English are recommended for those interested in trade with China:
 1. Annual Reports of the Chinese Maritime Customs—
 - (a) Report & Abstract of Statistics. Price Mex. \$2 (about U. S. \$1).
 - (b) Analysis of Imports. Price Mex. \$3.

(c) Analysis of Exports. Price Mex. \$3.

(d) Annual Trade Reports for the Various Individual Ports. Price Mex. \$0.40 for each port.

Address: Kelly & Walsh, Ltd., Shanghai.

2. Shanghai Market Prices Report. Published quarterly by Bureau of Markets. Distribution free.

Address: 50 Avenue Edward VII, Shanghai.

3. Chinese Economic Monthly & Chinese Economic Bulletin. Price Mex. \$10.00 a year (about U. S. \$5.00).

Address: 20 Museum Road.

4. China Postal Guide. Price Mex. \$0.50.

Address: Supply Department, Director General of Posts, Shanghai.

5. Trade Marks Record. Price Mex. \$4 per 12 consecutive copies.

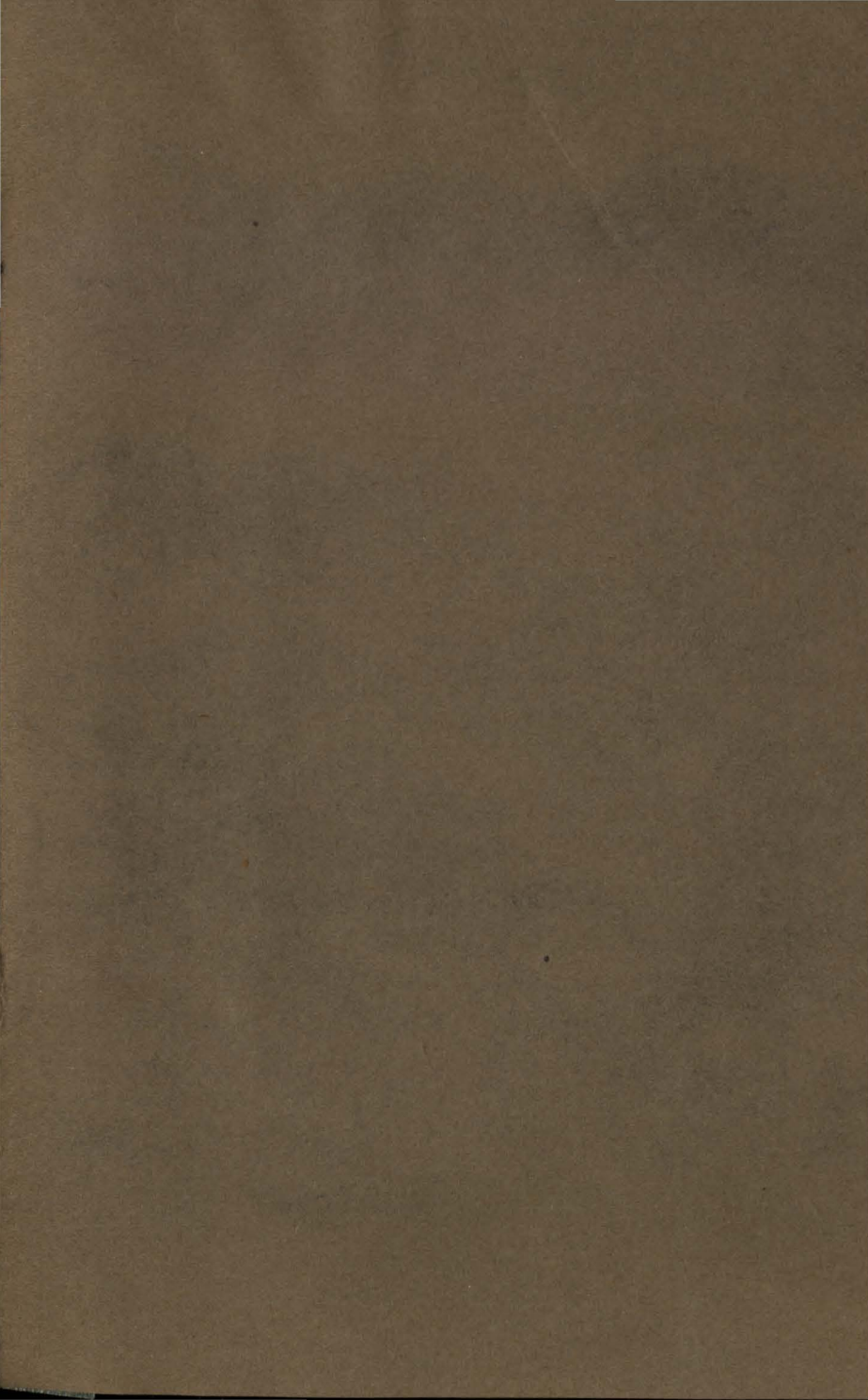
Address: Bureau of Trade Marks, Peking.



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